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IMPLEMENTATION OF LOCALITY-BASED COMPARABILITY
PAYMENTS FOR GENERAL SCHEDULE EMPLOY-
EES FOR CALENDAR YEAR 1997

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS REPORT ON THE IMPLEMENTATION OF LOCALITY-BASED
COMPARABILITY PAYMENTS FOR GENERAL SCHEDULE EMPLOY-
EES FOR CALENDAR YEAR 1997—RECEIVED IN THE UNITED
STATES HOUSE OF REPRESENTATIVES NOVEMBER 22, 1996, PUR-
SUANT TO 5 U.S.C. 5305(a)(3)



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WASHINGTON : 1997

THE WHITE HOUSE,
Washington, DC, November 22, 1996.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: I am transmitting an alternative plan for Federal employee locality-based comparability payments ("locality pay") for 1997.

Under title 5, United States Code, Federal civilian employees would receive a two-part pay raise in January 1997: (1) a 2.3 percent base salary raise linked to the change in the wage and salary, private industry worker, part of the Employment Cost Index (ECI); and (2) a locality pay raise, based on the Bureau of Labor Statistics' salary surveys of non-Federal employers in local pay areas, costing about 5.2 percent of payroll.

But, for each part of the two-part pay increase, title 5 gives me the authority to implement an alternative pay adjustment plan if I view the pay adjustment that would otherwise take effect as inappropriate due to "national emergency or serious economic conditions affecting the general welfare." Over the past 20 years, Presidents have used this or similar authority for most annual Federal pay raises.

In evaluating "an economic condition affecting the general welfare," the law directs me to consider such economic measures as the Index of Leading Economic Indicators, the Gross National Product, the unemployment rate, the budget deficit, the Consumer Price Index, the Producer Price Index, the Employment Cost Index, and the Implicit Price Deflator for Personal Consumption Expenditures.

Earlier this year, I decided that I would implement—effective in January 1997—the full 2.3 percent base salary adjustment. As a result, it was not necessary to transmit an alternative pay plan by the legal deadline of August 31.

In assessing the appropriate locality pay increase for 1997, I reviewed the indicators cited above and other pertinent measures of our economy. Permitting the full locality pay increases to take effect would, when combined with the 2.3 percent base salary increase, produce a total Federal civilian payroll increase of about 7.5 percent. This increase would cost about \$5.9 billion in 1997, \$3.6 billion more than the total 3.0 percent increase I proposed in the fiscal 1997 Budget. Such an increase is inconsistent with the budget discipline that my Administration has put in place and that has contributed to sustained economic growth, low inflation and unemployment, and a continuous decline in the budget deficit.

To maintain this discipline and its favorable impact on economic conditions, I have determined that the total civilian raise of 3.0 percent that I proposed in my 1997 Budget remains appropriate.

This raise matches the 3.0 percent basic pay increase that I proposed for military members in my 1997 Budget, and that was enacted in the fiscal year 1997 Defense Authorization Act. Given the 2.3 percent base salary increase, the total increase of 3.0 percent allows an amount equal to 0.7 percent of payroll for locality pay.

Accordingly, I have determined that: Under the authority of section 5304a of title 5, United States Code, locality-based comparability payments in the amounts set forth on the attached table shall be effective on the first day of the first applicable pay period beginning on or after January 1, 1997. When compared with the payments currently in effect, these comparability payments will increase the General Schedule payroll by about 0.7 percent.

Finally, the law requires that I include in this report an assessment of how my decisions will affect the Government's ability to recruit and retain well-qualified employees. While I regret that our fiscal situation does not permit granting Federal employees a higher locality pay increase, I do not believe this will have any material impact on the quality of our workforce. Under the Federal Workforce Restructuring Act of 1994, and our efforts to reinvent Federal programs, the number of Federal employees is falling substantially. As a result, hiring and attrition are very low. In addition, as the need arises, the Government can use many pay tools—such as recruitment bonuses, retention allowances, and special salary rates—to maintain the high quality workforce that serves our Nation so very well.

Sincerely,

WILLIAM J. CLINTON.

Locality-Based Comparability Payments Under Alternative Plan Effective January 1997

<i>Pay locality</i>	<i>Percent</i>
Atlanta MSA	5.65
Boston CMSA	7.97
Chicago CMSA	8.13
Cincinnati CMSA	6.75
Cleveland CMSA	5.51
Columbus, OH, MSA	6.62
Dallas CMSA	6.40
Dayton MSA	5.66
Denver CMSA	7.06
Detroit CMSA	8.14
Houston CMSA	11.52
Huntsville MSA	5.18
Indianapolis MSA	5.49
Kansas City MSA	5.10
Los Angeles CMSA ²	9.46
Miami CMSA	6.74
Milwaukee CMSA	5.58
Minneapolis MSA	6.53
New York CMSA	9.15
Philadelphia CMSA	7.28
Pittsburgh MSA	5.07
Portland, OR, CMSA	6.13
Richmond MSA	5.27
Sacramento CMSA	6.56
St. Louis MSA	5.18
San Diego MSA	7.07
San Francisco CMSA	10.66
Seattle CMSA	6.62
Washington CMSA ³	7.11

Rest of United States ⁴	4.81
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Note.—MSA means Metropolitan Statistical Area and CMSA means Consolidated Metropolitan Statistical Area, both as defined by the Office of Management and Budget (OMB) in OMB Bulletin Number 96-08, June 28, 1996.

¹The comparability payment is a cumulative percentage, beginning with the first comparability payments in 1994, applied to base salary to calculate total pay. It is not the percentage increase in the comparability payment over the previous rate.

²Pay locality also includes Santa Barbara County and Edwards Air Force Base, CA.

³Pay locality also includes St. Mary's County, MD.

⁴Does not include Alaska, Hawaii, or U.S. territories or possessions.

